

CALIFORNIA COASTAL COMMISSION

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September 30, 2010

Cy R. Oggins
California State Lands Commission
100 Howe Avenue, Suite 100-South
Sacramento, California 95825

RE: Comments on the Draft Environmental Impact Report for the Chevron El Segundo Marine Terminal Lease Renewal Project

Dear Mr. Oggins:

We appreciate the opportunity to review and comment on the Draft Environmental Impact Report (DEIR) for Chevron's proposed El Segundo Marine Terminal (ESMT) lease renewal request. Chevron proposes to renew the lease for the existing ESMT and its ancillary pipelines. No physical modifications to the ESMT facilities are proposed at this time, but Chevron anticipates that pipelines and other facilities may need to be replaced during the lease period. Additionally, Chevron anticipates that over the 30-year lease term marine terminal throughput will increase. Based on recent trends, it projects that over the next 5-10 years throughput may increase from present levels by one percent per year, but that beyond the next 10 year period predicting throughput is too speculative. For purposes of analysis, the DEIR assumes a one percent annual increase in marine terminal throughput over the 30-year lease term. Assuming the same vessel mix, this means a potential 40% increase in vessel calls by 2040 (an increase from 347 vessel calls per year (2006 baseline) to 487 vessel calls by 2040).

An increase in throughput and vessel calls at the ESMT is a "change in the intensity of use of water" and therefore constitutes "development" as that term is defined in Section 30106 of California Coastal Act (*Public Resources Code 30000 et seq.*).¹ Any development proposed within the coastal zone requires a coastal development permit (CDP) (Coastal Act Section 30600). Therefore, Chevron must obtain a CDP from the Coastal Commission for the proposed lease renewal. Additionally, any future pipeline or other facility replacements or repairs may require a CDP.

¹ Section 30106 of the Coastal Act states in part:

"Development" means, on land, in or under water, the placement or erection of any solid materials or structure; discharge or disposal of any dredged material or of any gaseous, liquid, solid, or thermal waste; grading, moving, dredging, mining, or extraction of any materials; change in the density or intensity of land, ... change in the intensity and use of water, or of access thereto; construction reconstruction, demolition or alteration of the size of any structure....

Our review of the DEIR focused on three issues areas: System Safety, Oil Spills and Air Quality. We offer the following comments for your consideration.

Oil Spills

1. The DEIR does not address the option of pre-booming prior to ESMT oil transfer operations as a mitigation measure. Pre-booming prior to an oil transfer can effectively contain spilled oil. According to statistics from the State of Washington's Department of Ecology, more than 80% of oil is recovered if an oil transfer operation was pre-boomed. However, there may be physical constraints in open ocean environments such that ocean booming may not be feasible or safe in high velocity currents. The California State Lands Commission (CSLC) and the Office of Spill Prevention of Response (OSPR) have regulations (Title 5, Section 2345 and 14 CCR Section 844(c), respectively) for offshore oil transfers that require either pre-booming or booming on standby (ready for deployment within 30 minutes of a spill, if it is not feasible or safe to pre-boom.) The OSPR is currently in the process of amending its regulations.

CCC-1

We request that the Final EIR include: (1) a discussion of CSLC and OSPR's existing and proposed amended regulatory requirements for pre-booming during oil transfer operations; (2) an analysis of the amount of boom that would be necessary to effectively contain a spill and whether it is feasible and safe for vessels to pre-boom during oil transfer operations at the ESMT; and (3) an analysis of alternative mitigation measures for rapid containment of oil spills if pre-booming is not a feasible and safe option.

2. Chevron anticipates an increase in vessel calls to the ESMT during the 30-year lease term (estimated at 1% increase per year). The DEIR notes that this increase in vessel calls potentially result in spill scenarios that exceed the capabilities of the current response organizations in the area. The frequency and size of spills will increase in the future due to increased vessel traffic. Even if vessel calls and traffic do not increase, the proposed lease renewal will extend the risk of oil spills for an additional 30 years.

The DEIR provides a worst case spill scenario of 250,000 barrels. The ESMT has its own containment and recovery equipment to respond to small spills, and Chevron contracts with the Marine Spill Response Corporation (MSRC) for wider regional and national response resources that can be cascaded in for a larger catastrophic spill. The DEIR does not analyze whether Chevron's onsite containment and oil spill response equipment, combined with those of the MSRC, are sufficient to effectively contain and recover a 250,000 barrel worst case oil spill. In the Final EIR, please evaluate the adequacy of response timeframes, on-water oil recovery capabilities, containment and shoreline protection capabilities, and cascading equipment levels. Based on this evaluation consider whether additional resources may need to be provided.

CCC-2

Air Quality

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| <p>3. The DEIR does a good job explaining generally the responsibilities of the South Coast Air Quality Management District (SCAQMD) and the California Air Resources Board (CARB), but it needs to address specifically the regulatory role of these agencies over this particular project. The DEIR makes clear that SCAQMD regulations contain rules specifying requirements to construct and operate <i>stationary</i> equipment. But the role of SCAQMD over vessel tanker emissions associated with marine terminal operations is less clear. Will emissions from tankers transiting through California coastal waters and the South Coast Air Basin (SCAB) be regulated by the SCAQMD and/or the CARB? The DEIR states that SCAQMD Rule 1142 – Marine Tank Vessel Operations – applies to the project, but some further elaboration on what project elements Rule 1142 applies to is needed. Will the proposed lease renewal – which anticipates an increase in throughput and vessel calls over the 30-year term – require a permit amendment or other SCAQMD approval, and what role, if any, does CARB play?</p> | <p>CCC-3</p> |
| <p>4. The DEIR refers to tankers transiting “California coastal waters.” How is “California coastal waters” defined along this section of the coast?</p> | <p>CCC-4</p> |
| <p>5. How far seaward does the South Coast Air Basin (SCAB) extend?</p> | <p>CCC-5</p> |
| <p>6. Is the ESMT currently operating under a SCAQMD permit? If so, please summarize what the permit covers and its requirements.</p> | <p>CCC-6</p> |
| <p>7. Based on current operations, what are the ESMT’s annual GHG emissions (total CO₂ equivalent, metric tonnes)?</p> | <p>CCC-7</p> |
| <p>8. According to the DEIR, the CARB and the SCAQMD have different interim guidelines on GHG significance thresholds. CARB’s guidelines for industrial projects state that a project’s emissions would not be significant if, with mitigation, it will not emit more than 7,000 metric tonnes CO₂ equivalent per year from non-transportation sources. The SCAQMD interim guidelines for stationary industrial source projects use 10,000 metric tonnes CO₂ equivalent per year as the significance threshold. How will these different guidelines apply to this project?</p> | <p>CCC-8</p> |
| <p>9. Table 4.4-11 shows that over time the ESMT’s annual GHG emissions will exceed SCAQMD and CARB GHG emission thresholds and yet the DEIR’s proposed Mitigation Monitoring Plan does not require Chevron to reduce its annual GHG emissions to below a significance threshold. Mitigation Measure AQ-2 would require Chevron “to implement a program to quantify and reduce greenhouse gas emissions associated with Marine Terminal operations, such as using green electrical power to run onshore equipment, requiring tugs to use biodiesel, using marine diesel fuels in vessel main and auxiliary engines while in the SCAB, and reducing vessel speed while in the SCAB, within one year of lease renewal and submit reports to CSLC annually thereafter.” This measure fails to include an emission reduction target. Please require that Chevron reduce</p> | <p>CCC-9</p> |

the ESMT GHG emissions to below the SCAQMD or CARB significance threshold, if feasible.

10. We further recommend the following revisions to Mitigation Measure AQ-2:

- Require that Chevron's calculations of its ESMT GHG emissions, its GHG reduction program, and annual compliance reports be reviewed and approved by one of the agencies with the required technical expertise, either the SCAQMD or the CARB.
- Require a facility-wide GHG audit of ESMT operations to be completed within six months of the CSLC approving the lease renewal. The audit should be conducted by an *independent* consultant approved by staff of the CSLC, SCAQMD and/or CARB. The audit should identify measures to improve energy efficiency, reduce energy consumption, and reduce GHG emissions. The independent consultant should use protocols and criteria approved by the CARB or the California Climate Change Registry (CCAR) to quantify the reduction in emissions that can be achieved by such measures, and the cost of such measures.
- Require a timeline for implementation of the feasible GHG reduction measures identified in the energy audit.
- The DEIR states (Page 4.4-45) that a combination of the measures identified in Mitigation Measure AQ-2 could reduce GHG emissions to below the 10,000-tons-per-year SCAQMD threshold, but the ability to implement some of these measures is uncertain. Given the possibility that feasible measures may not exist to reduce emissions below the significance threshold, require offsets of any net annual GHG emissions that remain after implementation of the emission reduction measures identified in the energy audit. These annual funds should go to an entity approved by CCAR.
- Require an annual deadline for Chevron to submit its annual GHG emission report to the SCAQMD and the CSLC.

CCC-10

Thank you for considering these comments. Please call me at 415/904-5205 if you have any questions.

Sincerely,



ALISON DETTMER
Deputy Director
Energy, Ocean Resources and Federal Consistency Division